


Fundamentals

- Internal Audit (IA):
 - Independent & objective
 - Adds value and improves organization's operations
 - Helps accomplish objectives
 - Systematic, disciplined evaluation
 - Improve effectiveness of risk management, control, and governance
- The Institute of Internal Auditors (IIA): an international professional association

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Purpose

- Internal audit
 - “To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.” (Mission, IIA)
 - Well performed IAs identify areas of risk

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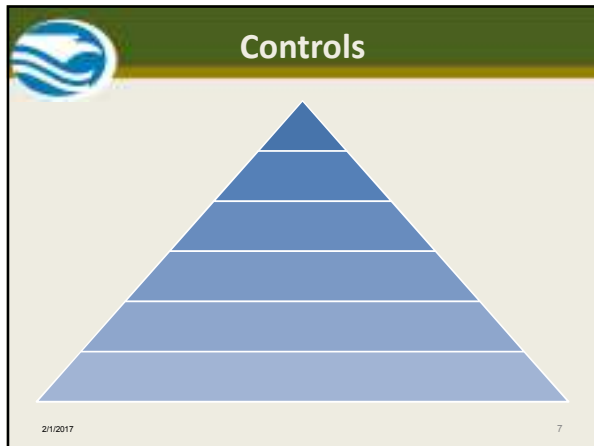
Exercise

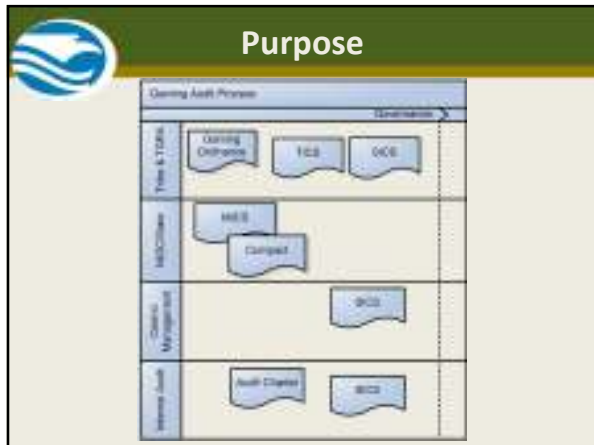
What controls govern the gaming operation?

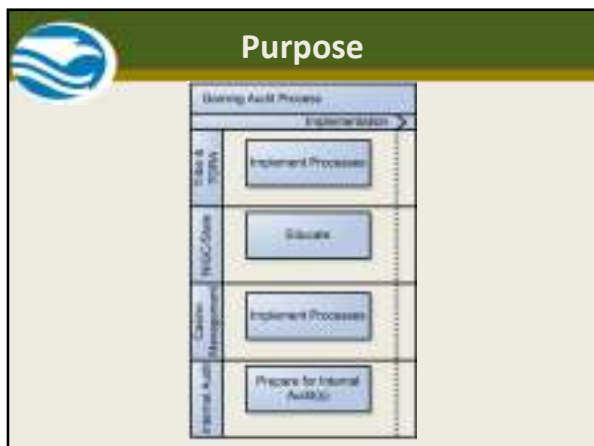


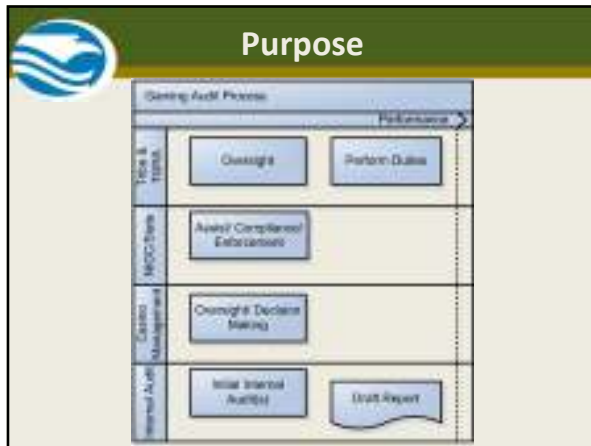
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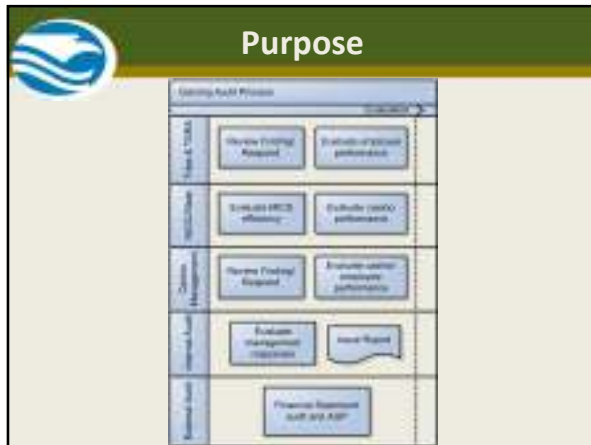
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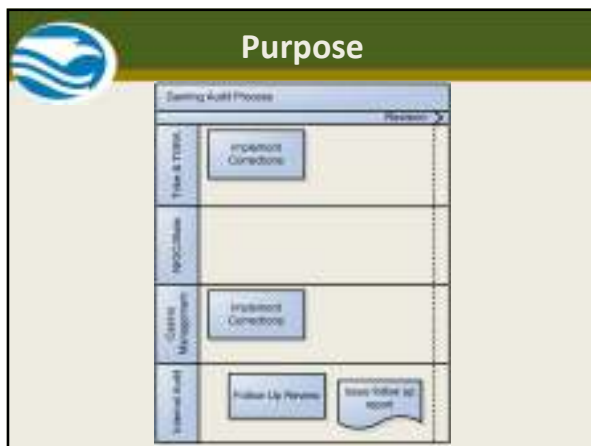


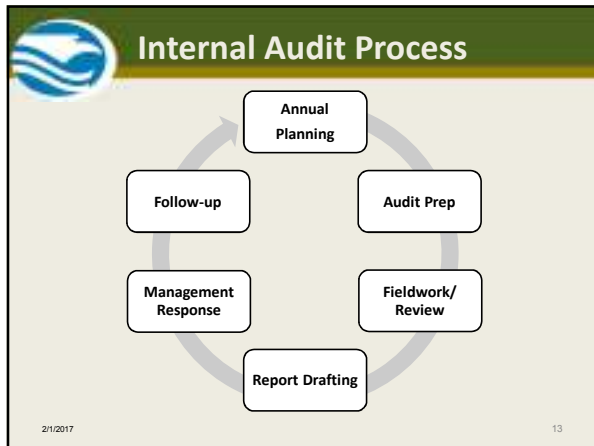














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- Internal Audit Process**
- Internal audits involve three types of people
 - Those directly involved with the process being audited
 - The internal auditor(s)
 - Those using the assessment
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Ethics

- IIA ethics code of conduct include the following areas:
 - Integrity
 - Objectivity
 - Confidentiality
 - Competency




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Ethics


Integrity



- Perform work with honesty, diligence, and responsibility
- Observe law and make disclosures expected by law and profession
- Keep it legal
- Respect and contribute to legitimate and ethical objectives of organization


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Ethics


Objectivity




- Remain unbiased in activities and relationships
- Bribes and gifts are bad
- Disclose material facts which may distort reporting of activities under review

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Ethics




Confidentiality


- Protect information acquired in course of duties
- Information should not be used for:
 - Personal gain
 - Contrary to law
 - Where detrimental to objectives of organization

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Ethics




Competency

- Maintain or obtain necessary knowledge, skills, and experience
- Perform services in accordance with standards
- Continually improve proficiency, effectiveness, and quality of services

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Understanding Regulations

MICS

- Determine applicable sections
- Seek clarifications where necessary

TICS


- Compare TICS to MICS; Review updates to TICS
- Understand thresholds and specific requirements

SICS

- Read policies prior to audit for increased efficiency
- Compare SICS to TICS/MICS

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Independence

- Separation of functions
 - Ensures agent reviewing controlled activity is separate from those performing the work
- Obtained through the organizational reporting relationship
 - Internal audit should not be under gaming management direction

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Independence

- Independence creates objectivity
- Objectivity
 - Uses facts without distortion
 - Remains free of personal feeling and prejudices
- Allows unbiased performance
- Need to recognize threats to independence

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Reporting Structures

- Independent Audit Department

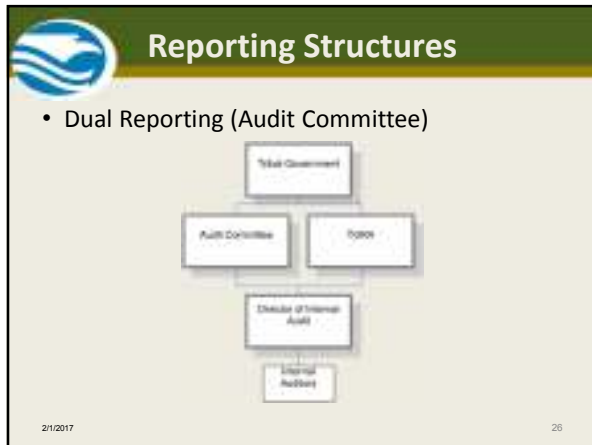


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graph TD; TG[Tribal Government] --- TORA[TORA]; TG --- DIA[Director of Internal Audit]; TG --- TBO[Tribal Business Organization]; TORA <--> DIA; DIA --- IA[Internal Auditors]; TBO --- CIGM[Casino-IGM]
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Charter

Defines the Internal Audit Department's


Purpose

Authority

Responsibility

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Charter

- Establishes IA's position within organization
- Outlines functional and reporting relation
- Authorizes access to
 - Records
 - Personnel
 - Physical property

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Audit types




Compliance



Performance

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Summary

- Purpose of internal audits
 - Identify areas of noncompliance and risk
- Ethics
 - Standards help ensure integrity of audit and protection of information
- Regulation
 - Proper development and understanding increases efficiency

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Summary

- Independence
 - Preserves objectivity and reduces bias
- Charter
 - Outlines authority and purpose of IA department
- Audit types
 - Review of compliance and increase efficiency

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Questions & Answers



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